



GAZDASÁGI  
VERSENYHIVATAL

## **Altering supplier contracts**

**As a result of the intervention of the Hungarian Competition Authority (GVH), several retailers were forced in the recent past to review their contracts signed with their suppliers.**

Last July the GVH launched a proceeding against Provera Beszerzési (Purchasing) Kft and its partners (the Hungarian Hipermarket running Cora hypermarkets, Csemege-Match Kereskedelmi (Trading) Zrt., Profi Magyarország Kereskedelmi Zrt.). Meanwhile proceedings were initiated against Auchan Magyarország Kft. and Metro Kereskedelmi Kft. as well with the aim to review their contractual practises. The GVH examined in all three cases whether the undertakings had infringed the Act on Trade, in other words whether they had abused their market power in the course of entering into the supplier contracts applied by them.

After the investigation had been launched by the GVH, all the undertakings concerned offered commitments to modify, and bring in compliance with the Competition Act and the Act on Trade, their respective supplier contracts. Provera Beszerzési Kft. committed itself not to insert provisions regarding exclusive promotion campaigns in the contracts signed with their suppliers for the year 2009 and to use uniform letter-sizes in its contracts. Auchan offered it would define the way in its contracts signed with its suppliers for 2009 how to keep contacts with the suppliers so that they could receive information, upon their request about the stock and the extent to which their products have been sold. Metro made the commitment to modify, by 30 June 2009, its Country-specific Supplier Contracts signed with its suppliers by cancelling the clauses relating to exclusive promotion campaigns, to its right to return goods to vendors without time or quantity limits, furthermore those relating to the reimbursement by the supplier of discount losses resulting from the change of suppliers or supplier programs.

Pursuant to the Competition Act, if the undertaking under proceeding offers the commitment to harmonise its conduct with the applicable provision of the Act and thus, the public interest can effectively be protected, the Competition Council may with an order – terminating the procedure – make the commitment in question binding on the undertaking without declaring that the law has or has not been violated. The GVH conducts post-investigations to control compliance with the commitments undertaken.